

Message Text

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SUBJ: PARLIAMENT APPROVES AMENDED FREE TRADE ZONE LAW

REF: (A) 77 COLOMBO A-108; (B) COLOMBO 0221

1. BY A VOTE OF 130 TO 12, THE NATIONAL STATE ASSEMBLY (NSA) ON JANUARY 20 PASSED AN AMENDED VERSION OF THE BILL TO ESTABLISH THE GREATER COLOMBO ECONOMIC COMMISSION (REFAIR A) OTHERWISE KNOWN AS THE FREE TRADE ZONE LAW. ALL MEMBERS PRESENT OF THE TAMIL UNITED LIBERATION FRONT (TULF) AND THE SRI LANKA FREEDOM PARTY (SLFP) VOTED AGAINST THE BILL.

2. AS REPORTED REFTEL B, THE CONSTITUTIONALITY OF THE FTZ LEGISLATION WAS CHALLENGED BY THE CEYLON FEDERATION OF LABOR. ON JANUARY 19, NSA SPEAKER ANANDATISSA DE ALWIS ANNOUNCED THE CONSTITUTIONAL COURT HAD FOUND EIGHT SECTIONS OR SUBSECTIONS OF THE PROPOSED LAW TO BE "INCONSISTENT WITH THE CONSTITUTION." THE SPEAKER POINTED OUT, HOWEVER, THAT THE BILL COULD STILL BE PASSED DESPITE THE COURT'S RULING BY A TWO-THIRDS VOTE OF THE NSA. WHEN THE LEADER OF THE OPPOSITION, A. AMIRTHALINGAM, ASKED FOR TIME TO STUDY THE COURT'S DECISION BEFORE STARTING DEBATE, PRIME MINISTER JAYEWARDENE SAID HIS
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GOVERNMENT WOULD NOT MISUSE ITS MASSIVE PARLIAMENTARY MAJORITY THE WAY THE PREVIOUS GOVERNMENT DID AND TOLD THE CHEERING NSA THAT HE WAS "DELETING EVERY SINGLE SECTION THAT THE CONSTITUTIONAL COURT HAS OBJECTED TO."

3. FOLLOWING ARE THE SECTIONS OF THE BILL (SEE THE ENCLOSURE TO REFAIR A), FOUND INCONCSISTENT WITH THE CONSTITUTION:

12 (DELEGATION OF THE COMMISSION'S POWERS TO ITS DIRECTOR GENERAL, 15 (DELEGATION OF THE COMMISSION'S POWERS TO HEADS OF DEPARTMENTS), 16 (E) (POWER OF THE COMMISSION TO STIPULATE MINIMUM WAGES AND WORKING CONDITIONS WITHIN THE FTZ), 17 (POWER OF THE COMMISSION TO ENTER INTO AGREEMENTS WITH INVESTORS AND TO SUSPEND OR MODIFY VARIOUS TAX AND LABOR LAWS), 24 (POWERS OF THE MINISTER IN CHARGE OF THE FTZ), 25 (2) (C) POWER OF THE MINISTER TO MAKE REGULATIONS TO PUNISH BANK EMPLOYEES FOR VIOLATION OF BANK SECRECY), 29 (INAPPLICABILITY OF THE BUSINESS ACQUISITION ACT AND VARIOUS LABOR LAWS WITHIN THE FTZ), AND 31 (PROVIDING THAT THE COMMISSION'S ACCOUNTS ARE TO BE AUDITED BY PRIVATE AUDITORS).

4. WHEN DEBATE RESUMED THE NEXT DAY, HOWEVER, THE PRIME MINISTER HAD APPARENTLY RECONSIDERED HIS STATEMENT OF THE PREVIOUS DAY AND, INSTEAD OF DELETING THE OFFENDING SECTIONS, MOVED A SERIES OF AMENDMENTS TO THE BILL WHICH WAS IMMEDIATELY PASSED WITH FAR MORE THAN A TWO-THIRDS VOTE. ACCORDING TO PRESS REPORTS, THE AMENDMENTS WENT AT LEAST PART WAY TOWARD MEETING THE OBJECTIONS OF THE COURT BY DELETING THE COMMISSION'S AUTHORITY UNDER SECTION 17 OVER THE LABOR LAWS LISTED IN SCHEDULE B OF THE BILL AND ELIMINATED THE COMMISSION'S POWERS TO FIX MINIMUM WAGES. IN THE COURSE OF QUESTIONING BY THE OPPOSITION LEADER, HOWEVER, THE PRIME MINISTER REFUSED TO SAY WHETHER OR NOT THE ORIGINAL LABOR LAWS MIGHT BE MODIFIED TO MAKE THEM INAPPLICABLE UNDER THE FTZ. VARIOUS OTHER AMEND-

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MENTS WERE ALSO MADE INCLUDING THE ADDITION OF THE KELANIYA AND BIYAGAMA ELECTORAL DISTRICTS ALONG THE NORTH BANK OF THE KELANI RIVER TO THE FTZ, WHICH ADDED APPROXIMATELY 60 SQUARE MILES TO THE SOUTHEAST CORNER OF THE ZONE BRINGING THE TOTAL LAND AREA TO ABOUT 180 SQUARE MILES.

5. IT IS UNCLEAR WHETHER OR NOT THESE AMENDMENTS WOULD HAVE MADE THE BILL ACCEPTABLE TO THE COURT. HAVING PASSED BY WELL OVER A TWO-THIRDS VOTE, HOWEVER, THE QUESTION IS ACADEMIC.

6. THE FULL TEXT OF THE AMENDED FTZ LAW WILL BE SENT TO THE DEPARTMENT WHEN AVAILABLE.

WRIGGINS

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